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ED/EC M-267

September 9, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MEETING

10:30 a.m., Friday, August 30, 1957
Room 1213 Maiatico

Attendance

MDAC

Mr. Hale, Chairman
Mr. Kramer, Executive Secretary
Mrs. Huver, Committee Secretary

ICA

Mr. Slaght

CIA 25X1A9a

Mr. [REDACTED]
Mr. [REDACTED]

State

Mr. Wright
Mr. Hamilton
Mr. Oliver

Commerce

Mr. George

Treasury

Mr. Pollak

Defense

Col. Green

Agenda

- Note a. COCOM Exception - Aircraft Landing Systems
25X6 Note b. [REDACTED] Eligibility for Assistance
Note c. Commerce Reporting of Requests for Exportation to Poland
Note d. Applicability of Treasury's Transactions Control Regulations

- I. Work Program for Paragraph 9 of Economic Defense Policy

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Note a. COCOM Exception - Aircraft Landing Systems
(Ref. ED/EC D-120 and 120/1; EDAC M-63)

The Chairman reported that this problem would be discussed at higher levels this afternoon by State and Defense, with the hope that a decision could be reached and the USDEL notified later today.

The State member reported that Mr. Walstrom had called this morning on this matter, stating that the delay is extremely embarrassing to the USDEL.

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Note b. [REDACTED] Eligibility for Assistance
(Ref. EDAC D-136 series; EDAC M-63)

Decision

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An EDAC meeting would be held some time next week to review information regarding [REDACTED] production and exportation of mortars and the ICA General Counsel's findings on the Battle Act implications of giving aid to [REDACTED]

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Discussion

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The Chairman reported that Admiral DeLany and he had discussed the [REDACTED] problem with the ICA General Counsel and furnished him with all of the reference documents as well as the EDAC minutes on this subject. A report of the understanding gained from that informal conversation will be circulated to EDAC (see EDAC D-136/5).

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The State member said that in the course of the study by OIR of [REDACTED] shipments, it was suspected that some "arms" might have been shipped. This was taken up with the [REDACTED] and their reply was that no Title I Category A items were shipped to the Bloc. He therefore requested that Defense check this new information with OIR.

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The Chairman pointed out that the [REDACTED] in their memorandum (Attachment 1 to EDAC D-136/2) stated that "...no items mentioned under Title I List Category A of the Battle Act are being exported from [REDACTED]" Further, that the Executive Committee had suggested, in EDAC D-136/4, "...that EDAC accept the de facto assurances of the [REDACTED] Embassy that no Battle Act Title I Category A items are being exported from [REDACTED] and consider it unlikely that there will be future shipments of those items

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which would make mandatory the termination of aid." In view of this, he felt that when this information is more complete it should be furnished to EDAC for their consideration. The EDAC members would be asked to be prepared with their judgment with respect to the probability of future shipments by [REDACTED] of Title I, Category A goods requiring automatic termination of aid.

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Note c. Commerce Reporting of Requests for Exportation to PolandDecision

The members agreed that reporting on requests for licenses to export to Poland could be eliminated except in those special cases where it was felt the Committee members would be especially interested. The Defense member reserved.

Discussion

The Commerce member cited the understanding reached some time ago to inform the Executive Committee members of requests received and under consideration in BFC for exportation of commodities valued \$100,000 and over to Soviet bloc countries. In view of the increased reporting for Polish cases, he wondered if the members would agree that they could stop reporting cases involving that country.

After some discussion the members decided as shown in Decisions above. The Defense member said he would have to reserve because his agency is planning to discuss this very subject with Commerce.

Note d. Applicability of Treasury's Transactions Control RegulationsDecision

The Executive Committee recommended to Treasury that they narrowly interpret the TAC regulations and exclude from applicability the supplying of non-U.S. aviation gas to bloc planes by U.S. subsidiary companies. The members reserved the right to notify the Chairman by Wednesday, September 4, if anyone disagrees with this as EDAC advice to Treasury.

Discussion

The Treasury member said his agency would like to have EDAC advice on the following matter, in view of the fact that they issued the Transactions Control Regulations, at the request of EDAC, to control offshore transactions:

One of the American oil companies has asked the Department of State if there was any objection to supplying non-U.S. aviation gas to Russian planes in Greece.

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He noted in recent cables between Commerce and Paris that the COCOM countries do not report their supplying of aviation gas to Russian planes. The Commerce position, and apparently the COCOM view, is that sales of bunkering fuel to Russian vessels is not reported as an export to the bloc.

The first point on which his agency would like EDAC advice is whether Treasury should try to bring this under the TAC scheme. The TAC regulations are phrased in terms of certain strategic commodities, which would include aviation gas, so the only question is whether delivery to a bloc plane is delivery to a bloc country.

Assuming that it would come under TAC, the second question is what licensing policy would EDAC recommend.

The State member said that such delivery would not be construed as being an export to the country but that cognizance should be taken of such deliveries in view of the fact that there is a general obligation on the part of Commerce to authorize transfers of commodities of U.S. origin located abroad. It seems reasonable for Commerce to exert such control. Since in this case the aviation gas is not U.S. origin, and in light of the precedent set by Commerce, the Battle Act Administrator and COCOM reporting procedures, he did not feel they would come within Treasury's transactions controls. He stated, however, that his department was interested in knowing about such things and preferred to be able to exercise at least some supervision over this type of case.

The Defense member stated that a TS report from the Middle East has some specific recommendations on this problem. State has requested comments from Defense on this report and the matter is presently under consideration.

After further discussion the members agreed as shown in Decisions above.

I. Work Program for Paragraph 9 of Economic Defense Policy

Decision

The Executive Committee could not proceed with its assignment until additional information is reviewed in WG I and forwarded to the Executive Committee with comments.

Discussion

The Chairman distributed to the members a memorandum from the Chairman of WG I entitled "Preliminary Review of International Strategic Trade Controls - General Comments (EDAC Work Program on Economic Defense Policy)" [ED/EC D-121]. This memorandum describes the documents prepared by both Defense and CIA in response to their assignments in EDAC D-135/1a, Annex A, Para. 4, and in WG I Memo No. 10.

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There was a general discussion of the contents of the studies submitted to date, and the Defense and CIA members explained the basis upon which the reports were prepared and the considerations included in them.

The State member said his agency had a draft of its assignment to develop a policy study reflecting the problems and limitations involving other friendly countries which must be considered in any proposal for a major change in multilateral controls.

With respect to the special interest studies requested on page 3 of Annex A to EDAC D-135/1a, the Defense member said that his agency had not prepared studies as such, but had gathered together material in current studies related to these particular topics. [REDACTED]

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The Chairman reported that due to the pressure of work in AEC, that agency has been unable to work on the special interest study requested of them.

After discussion of the overall problem and assignments, the members agreed that further work would have to be done by WG I before the Executive Committee could start on its assignment.

The Chairman said that the assignments to WG I have been difficult because the instructions, of necessity, are not specific. He reiterated that the WG should do whatever it could to provide information necessary to the consideration of the Executive Committee assignment or which would contribute to better understanding in the Executive Committee of the problem as they address themselves to the major assignment. WG I should continue to review the studies prepared by Defense and CIA and present as much useful and helpful information to the Executive Committee as possible without slowing down the process. When additional information and studies are presented from WG I, the Executive Committee would then be in a position to give new and more specific instructions to them.

Distribution

ED List Parts I & II
WG I (limited)

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